

public feel a need to pay someone, to pay someone else, just to figure out how much they owe for their tax liability. The system doesn't have to be that complicated.

Now, bear with me, if you would, through one last poster, and this really sums it up. A faster, flatter, fairer tax structure, let me show you how it works. It is pretty simple.

Here we go. You put in a little bit of information, like your name; a little bit of identification data, income, personal exemptions, married filing jointly, single head of household; number of dependents. You add up your deductions. Taxable income is line 1 minus line 3. One subtraction equation on the form. And then calculate the amount of tax owed on this particular form, calculate by multiplying line 4 by 0.19. The tax is already withheld. Your tax refund you are owed or the taxes you are to pay. What did that take? According to the clock up there, a little less than 30 seconds. Thirty seconds, and your income taxes are done.

Now, in all honesty, I haven't started my taxes this year. Please don't tell my accountant. But I will spend the better part of a Saturday afternoon, probably this coming Saturday, going to all those places in the house where I have secreted away little receipts and things that I knew I would need when it came time to prepare my taxes. I will gather all of this stuff together and put it in a form that is presentable, take another half day and spend that with my accountant. He will spend several weeks churning it through whatever computer program that he uses. And then right before midnight on April 15th, I will get my tax form to sign, and I will send it in and I will either pay a little in taxes or I will get a little bit of refund.

But look at this. Thirty seconds. Your name, a little bit of identification data, a couple of numbers that are easy to obtain, and taxes are already withheld, your tax liability or your tax refund. No expensive tax attorney bills. No more hours of stressful research trying to figure out whether your military service or your marital status will adversely affect your return. No more headaches trying to determine where the estimated tax payments go. No more Congress taking one special interest group over the other trying to create social good works through the Tax Code. Instead, just a very simple and straightforward system. And remember that number: 82 percent of Americans want something simple like this for their tax preparation.

Now, in my opinion a single tax rate structure would eliminate taxes on capital gains, eliminate taxes on dividends and taxes on savings. You know, we always hear that our savings rate in this country is really pretty low, and that in fact is one of the things that may be behind some of the financial crisis that we find ourselves in now.

I will just tell you there was a time when I was in business for myself that

I thought the prudent thing to do would be to hold three months, three months, of operating capital in some easily convertible security, like a CD, something that was fairly liquid, earn a little bit of interest along the way, and have that money in case the dire wolf was ever at the door and I needed those funds to continue to operate my business. It seemed like a prudent thing to do.

But here is the deal. You earn some interest, but guess what? It is taxed at regular income rates. So it is suddenly eroded by, at that time almost a half, now around a third. And then if you ever get to the point where, okay, I am going to bring that money back into the business and pay it out in salary, well, guess what? If you have held it for over a year in that money market or CD, your business had to report that and pay taxes on it at the end of that first year, and then when you do disperse it as earnings to the owners of the business, guess what? It is taxed again. So it got taxed twice.

So for doing the prudent thing, the prudent thing, holding 3 months of capital in a relatively liquid account so you can get to it if you need it, for doing the prudent thing, you are punished on the interest you earn. So that is not a good deal. You have got to pay taxes on it from your business, and, oh, by the way, if you ever do pay it out to yourself in salary, you get taxed again. So you have been taxed three times on that money that you thought you were doing the right thing. You were putting it away against perhaps a lean month or two. Maybe those Medicare payments didn't come through as fast as I would like, or, God forbid, the SGR cut my payment again for Medicare reimbursement, I would have a little cash to fall back on. But, guess what. If you do that, if you do that, you are actually hurt.

□ 2045

If we were to change the Tax Code, again, with a single rate structure, no capital gains tax, no taxes on dividends, no taxes on savings, which is extremely important, and I personally would eliminate the Clinton tax on Social Security earnings, what would happen? Personal savings would increase.

Would that be a bad thing? Does anyone in this body think personal savings would be a bad thing, particularly given our current economic situation? Businesses might just actually expand and create jobs. Would that be a bad thing given our job creation numbers this past month? We lost a bunch. We didn't create anything.

Without the heavy corporate income tax, which is currently the second highest in the industrialized world, companies would have less incentive to offshore their headquarters and offshore their earnings. If they had less incentive, and those earnings and headquarters stayed in this country, wouldn't that ultimately be a good thing for the state of our economy?

So it really comes down to an all-American principle of freedom, and it comes in a prescription. The decision to move to a single-rate system would be entirely up to the business, not up to the government. This would be an optional program. If someone has constructed their domestic finances or their business finances to maximize their earnings under the current Federal Tax Code, stay in the code, that would be your choice.

But if you are tired of the shoe box, if you want to fill out a single-page return, single-page form, and then have the rest of that time, that half day I am going to spend on Saturday and that other half day I am going to spend on a week, if you would rather have that day to spend with your family, take a personal day off, go fishing, whatever, earn more money, whatever, that's yours. You don't owe it to the government any more.

A flat tax would be less costly. It would save taxpayers \$100 billion a year and would reduce cost of compliance by over 90 percent. The resulting increase in personal savings, well, wait a minute, didn't we just pass a big stimulus package? That would have an immediate effect on our American economy by putting that money back in the hands of productive people in this country.

As I said earlier, recent polling by American Solutions shows that over 80 percent of Americans favor an optional, single-page, one-page tax form with one rate. After all, is anybody really going to complain if this one time, this one time Congress does something worthwhile and actually makes something easier? After all, who could complain about making something easier, especially a process that comes with such a high cost?

One of the things we haven't even talked about, and you now hear talked about all the time, is the compliance gap, the 200 to 300 to \$350 billion that it's estimated that is owed in taxes but it's not paid in taxes because it's simply too hard to go through all that you have to go through to comply with the IRS code or you are worried about making a mistake and going to jail for misrepresenting yourself on your tax form.

So that compliance gap, the tax gap as it is called, you will hear people talk a bit on both sides of the aisle. They want to utilize, well we are going to go out and do a better job of collecting the taxes, so we will use that \$350 billion to offset an increase in the farm program or AMT patch, or, God forbid, we would fix the SGR formula for patients and doctors across the country. But you always hear people talk about that tax gap that they are going to collect that \$300 billion and put it to some other good work, but this gets rid of the tax gap. It's gone tomorrow.

You wouldn't have to worry about people not complying with the code because it would be so simple. The cost of not complying would be high. The cost